

July 13, 2005

The Honorable Robert Bunda, President  
and Members of the Senate  
Twenty-Third State Legislature  
State Capitol, Room 003  
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

Re: Senate Bill No. 1427 SD1 HD2 CD1

On July 12, 2005, Senate Bill No. 1427 entitled "Relating to Procurement of High Energy Efficient Vehicles" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

This bill mandates that the procurement policy for all State agencies purchasing or leasing motor vehicle fleets shall be to obtain alternative fuel vehicles, providing that beginning January 1, 2006, all State agencies are directed to procure increasing percentages of alternative fuel vehicles as part of their annual vehicle acquisition plans. The intent of this bill is laudable, however, the bill is problematic for a number of reasons.

The bill defines alternative fuel vehicles as either electric vehicles, fuel cell vehicles, or hybrid vehicles. Electric vehicles are small and not feasible for many State needs. Hybrid vehicles are available on a limited basis in three models. Hydrogen vehicles are currently not available and unlikely to be commercially available for years.

The definition in the bill also contradicts federal requirements covering State fleets, as mandated by the Energy Policy Act of 1992. Under federal law, an alternative fuel vehicle is defined as any dedicated, flexible-fuel, or dual-fuel vehicle designed to operate on at least one alternative fuel. This definition of alternative fuels includes methanol, denatured ethanol, and other alcohols; mixtures containing 85% or more by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; non-alcohol fuels derived from biological material; biodiesel; and electricity (generated from solar energy or off-board the vehicle). Because of this difference in definitions, departments with fleets will have to operate under two separate procurement requirements.

Under these differing definitions, there will be no alternative fuel vehicle that can be purchased to meet both State and federal requirements. Hydrogen fuel cell vehicles would be the only type of vehicle that would fall under both requirements. However, these vehicles are not

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commercially available from major auto manufacturers. The Energy Policy Act requires that 75% of light duty vehicles purchased for fleets be alternative fuel vehicles. The State currently complies with this requirement and may be able to temporarily comply with SB 1427, which mandates another 20% of vehicles purchased must be electric, hydrogen, or hybrid.

However, under this bill, by January 1, 2009 at least 40% of vehicles purchased must meet these State requirements. At this point the State will not be able to meet the requirements of both laws. Violations of the federal law will incur civil and criminal fines upon the State. Either the State definition of alternative fuel vehicle must be amended or the percentage requirements must be amended.

The Legislature also argues that this bill will save the State money. This is not the case. Because the vehicles permitted under this measure are more expensive to both purchase and maintain, a greater cost will be incurred per vehicle purchased. Accordingly, the State will be forced to purchase fewer numbers of vehicles than needed because of the increased costs.

Therefore, I allowed Senate Bill No. 1427 SD1 HD2 CD1 to become law as Act 216, effective July 12, 2005, without my signature.

Sincerely,

LINDA LINGLE